

## Message Text

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ACTION XMB-04

INFO OCT-01 AF-08 NEA-10 ISO-00 EB-07 AID-05 TRSE-00 OMB-01

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R 111758Z AUG 76

FM AMEMBASSY DAKAR

TO SECSTATE WASHDC 6176

INFO AMCONSUL CASABLANCA

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E.O. 11652: N/A

TAGS:EFIS, SG

SUBJ: EXIM CREDIT NO. 4914/GOS DISSOLVES SOSAP

REF: STATE 189000

1. SUMMARY: GOS HAS ANNOUNCED INTENTION TO DISSOLVE SOSAP FISHING COMPANY, WHICH HAS EXPERIENCED CONTINUOUS DEFICITS. DISSOLUTION DOES NOT AFFECT EXIMBANK BOAT LOAN, WHICH WAS MADE TO MINISTRY OF FINANCE. LAYOFF OF SOSAP EMPLOYEES PROVOKED ANNOUNCEMENT BY UNION REPRESENTATIVES THAT THEY WOULD CONTEST DISMISSALS AS VIOLATING SENEGALESE LABOR LAWS. END SUMMARY.

2. GOS DIRECTOR OF FISHERIES ANNOUNCED ON AUGUST 5 THAT GOVERNMENT HAD CALLED MEETING OF SHAREHOLDERS FOR AUGUST 19 TO DISSOLVE SOSAP, FISHING COMPANY IN WHICH IT HOLDS MAJORITY INTEREST. SOSAP WAS CREATED IN 1963 AND HAS BEEN DEPENDENT UPON SUBSIDIES SINCE THAT TIME. BALANCE SHEET FOR 1975 SHOWED DEFICIT CFA 4 BILLION (\$16 MILLION), AN AMOUNT EIGHT TIMES EQUITY CAPITAL.

3. A NUMBER OF REASONS HAVE BEEN PUT FORTH FOR THE COMPANY'S DEMISE: INEFFICIENT AND OCCASIONALLY CORRUPT MANAGEMENT, LABOR PROBLEMS, ILLEGAL ACTIVITIES OF SOVIET FISHING VESSELS IN SENEGALESE WATERS WHICH CUT INTO CATCH,  
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AND RECURRENT BREAKDOWNS IN SOSAP'S SUBSTANDARD FLEET OF 28 VESSELS (10 FRENCH, QP SOVIET, 5 WEST GERMAN AND 3

U.S. BUILT PURSE SEINERS). IN AUGUST 6 EDITORIAL, SEMI-OFFICIAL LE SOLEIL QUOTED DIRECTOR OF FISHERIES MBAYE BA AS SAYING SOSAP'S DIFFICULTIES STEM LARGELY FROM INADEQUACIES OF 10 SOVIET VESSELS SUPPLIED BETWEEN 1970 AND 1973 AT COST OF \$4.3 MILLION. THESE VESSELS HAVE SPENT MORE TIME AT DOCK FOR REPAIRS THAN THEY HAVE SPENT FISHING.

4. SOSAP IS ONLY ONE OF MANY SEMI-PUBLIC CORPORATIONS THAT CONTINUOUSLY RUN DEFICITS. GOVERNMENT MAY HAVE DECIDED TO CLOSE IT DOWN TO CUT ITS LOSSES, TO HALT LABOR UNREST AT SOSAP, AND TO WARN OTHER PUBLIC AND SEMI-PUBLIC CORPORATIONS THAT THERE IS LIMIT TO DEFICITS WHICH WILL BE ABSORBED. GOS HAS ANNOUNCED ITS INTENTION TO ORGANIZE NEW SEMI-PUBLIC COOPERATION TO REPLACE SOSAP.

5. DISSOLUTION OF SOSAP IN NO WAY AFFECTS EXIM BANK LOAN FOR TACOMA BOATS SINCE LOAN WAS MADE TO MINISTRY OF FINANCE, EMBASSY SEEKING APPOINTMENT TO RAISE ARREARAGES PROBLEM ONCE AGAIN WITH DIRECTOR OF MONEY AND CREDIT ABDOULAYE SOW. SENDING BILLS TO SOW INSTEAD OF AMBASSADOR COULBARY AS PROPOSED REFTEL WILL HAVE LITTLE EFFECT AS PROBLEM SEEMS TO RESIDE IN LONG BANKING CHAIN GOING THROUGH PARIS. EMBOFFS WILL INQUIRE IF THIS CHAIN CAN BE BYPASSED OR AT LEAST WHETHER GOS CAN INFORM EXIM/CHASE AT TIME PAYMENTS ARE MADE.

6. PRIOR TO ANNOUNCING DISSOLUTION OF SOSAP, COMPANY MANAGEMENT ANNOUNCED LAY-OFF OF 204 EMPLOYEES, WHICH AROUSED CONSIDERABLE FUROR FROM UNION OFFICIALS. WHEN UNION ANNOUNCED IT HAD HIRED LAWYER AND WOULD CONTEST LAYOFFS AS VIOLATING SENEGALESE LABOR LAW (SPECIFICALLY LAWS RELATING TO FIRING SHOP STEWARDS AND BACK PAY FOR UNUSED VACATION AND SICK LEAVE), SOSAP MANAGEMENT ANNOUNCED DISSOLUTION OF COMPANY.

7. GOS IS NOW FACED WITH TOUCHY POLITICAL PROBLEM IN THAT UNION (ONE OF MORE MILITANT IN SENEGAL) WHICH HAS BEEN VOCAL IN ITS CRITICISM OF SOSAP MANAGEMENT AND HAS CALLED SEVERAL BITTER STRIKES IN PAST, WILL PROBABLY STRIVE TO  
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MINIMIZE IMPACT COMPANY DISSOLUTION ON ITS MEMBERS BY EXERTING PRESSURE BOTH WITHIN AND WITHOUT CNTS (NATIONAL TRADE UNION) STRUCTURE.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FISHING INDUSTRY, CREDIT, BANKRUPTCIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**TAGS:** EFIS, SG, SOSAP FISHING COMP, XMB  
**To:** STATE  
**Type:** TE  
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